

Date: March 17, 2015

To: Thomas J. Bonfield, City Manager
Through: W. Bowman Ferguson, Deputy City Manager
From: Donald F. Greeley, Director, Water Management
Subject: Proposed Revisions to the Durham City Code to Allow Reimbursement for City Constructed Infrastructure

Executive Summary

This proposes amendments to the Durham City Code of Ordinances sections 70-19 and 70-50 to establish a procedure for the City to create service areas outside the City's corporate limits in which there is development pressure and inadequate water and sewer infrastructure to serve potential new development, and for the City to construct the necessary infrastructure and seek reimbursement from future development within the service area.

Recommendation

The department recommends that City Council adopt the proposed amendments to Durham City Code of Ordinances Sections 70-19 and 70-50 which will allow the establishment of water and sewer service areas and associated service area fees to be paid by new development which will reimburse the City for the cost of constructing water and wastewater infrastructure required to provide water and sewer service to a service area.

Background

New infrastructure to expand the water and sewer system is generally paid for by those developers or customers adding on to the system. Durham has been growing and there is a greater demand for housing. Developers are showing an increasing interest in the Southeast region of the City's service area east of Sherron Road, north of US70, and south of NC Highway 98 where there are large tracts of land suitable for development. Multiple developers have been moving forward, but no single project is large enough to require comprehensive regional improvements to infrastructure nor are they willing to jointly front a major venture. So either the City engages in strategic planning to proactively plan for optimum infrastructure design with adequately sized and placed pipes and lift stations or reactively accepts responsibility for numerous small lift stations requiring disproportionately more resources than a single regional one.

Issues/Analysis

With the proposed ordinance change the City will have the ability to construct regional infrastructure improvements and then charge new development that will utilize the improvements fees to recover the City's cost to construct the infrastructure.

Alternatives

Make no changes to the ordinance. This could result in increased maintenance costs as the City would be responsible for numerous small lift stations, each requiring pumps, backup generators and telemetric monitoring along with the staff and trucks needed to perform this monitoring and maintenance. It could also unduly delay development as developers wait for the other to pay for installing service lines into an area where they can extend to the next parcel at lessened cost.

Financial Impacts

There are no financial impacts if the City chooses not to construct any improvements.

If the City chooses to construct improvements in advance of development then the City would incur the financial burden of the design and construction of those improvements. The City would then establish fees to recover the cost of those improvements over time. The City's risk would be if only partial recovery of costs occurs. This would happen if the area serviced by the improvements never fully develops

SDBE Summary:

The Ordinance to Promote Equal Opportunity in City Contracting does not apply to this item.

Attachments

Ordinance amending Sections 70-19 and 70-50.